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THE

Demand and Price

SITUATION!

FOR RELEASE
APR. 17

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON D. C.



MARCH 1949

Approved by the Outlook and Situation Board, April 6, 1949

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SUMMARY AND DEMAND PROSPECTS FOR 1949

The demand for most farm products is expected to continue fairly strong for the remainder of 1949, but at a lower level than in 1948. Prices received by farmers and cash receipts from farming in 1949 may average about 10 percent below the 1948 record.

A preliminary appraisal of demand prospects for agricultural products in 1949 appeared in the September 1948 Outlook issue of this publication. Indications at that time, although subject to many uncertainties, pointed to a fairly stable level of economic activity and a generally high demand for farm products in 1949. Prices and incomes to be received by farmers were expected, at that time, to average somewhat lower this year than in 1948, with a decline of about 10 percent if some of the less favorable possibilities should materialize. In view of recent trends, it now appears likely that agricultural prices and income will approximate this lower level. Inflationary pressures in most segments of the economy have eased. Prices of farm products have declined substantially from the record levels in 1948. Prices of industrial commodities have generally made smaller but significant declines. There has been a slight drop in the overall volume of industrial production and in the take-home pay of industrial workers.

ECONOMIC TRENDS AFFECTING AGRICULTURE

Item	Unit or base period	1948				1949	
		Year	Feb.	Nov.	Dec.	Jan.	Feb.
Industrial production <u>1/</u>	: 1935-39 :						
Total.....	: =100 :	192	194	195	192	191	189
All manufactures.....	: do. :	198	201	201	199	198	196
Durable goods.....	: do. :	225	226	229	231	227	226
Nondurable goods.....	: do. :	177	180	178	173	174	173
Minerals.....	: do. :	155	155	161	156	151	149
Construction activity <u>1/</u>	: 1935-39 :						
Contracts, total.....	: =100 :	331	326	329	314	303	282
Contracts, residential.....	: do. :	397	373	377	355	326	287
Wholesale prices <u>2/</u>	:						
All commodities.....	: 1926=100 :	165	161	164	162	161	158
All commodities except farm and food.....	: do. :	151	148	154	153	153	152
Farm products.....	: do. :	188	185	181	177	172	168
Food.....	: do. :	179	172	174	170	166	162
Prices received and paid by farmers <u>3/</u>	: 1910-14 :						
Prices received, all products.....	: =100 :	287	279	271	268	268	258
Prices paid, int. and taxes.....	: do. :	249	248	248	248	248	245
Parity ratio.....	: do. :	115	112	109	108	108	105
Consumers' price <u>5/</u> <u>6/</u>	: 1935-39 :						
Total.....	: =100 :	171	168	172	171	171	169
Food.....	: do. :	210	205	208	205	205	200
Nonfood.....	: do. :	149	147	152	152	152	152
Income	:						
Nonagricultural payments <u>4/</u>	: Bil.dol. :	190.4	184.3	196.3	197.4	195.7	
Income of industrial workers <u>3/</u>	: 1935-39 :						
	: =100 :	364	354	376	374	362	
Factory payrolls <u>5/</u>	: do. :	389	377	404	402	387	
Weekly earnings of factory workers <u>5/</u>	:						
All manufacturing.....	: Dollars :	53.14	51.75	54.56	55.03	54.41	
Durable goods.....	: do. :	56.76	54.77	58.71	59.25	58.51	
Nondurable goods.....	: do. :	49.33	58.56	50.18	50.52	50.08	
Employment	:						
Total civilian <u>7/</u>	: Millions :	59.4	57.1	59.9	59.4	57.4	57.2
Nonagricultural <u>7/</u>	: do. :	51.4	50.4	51.9	52.1	50.7	50.2
Agricultural <u>7/</u>	: do. :	8.0	6.8	8.0	7.4	6.8	7.0
Government finance (Fed.)	:						
Income, cash operating.....	: Mil.dol. :	3,748	4,548	3,190	4,106	3,683	
Outgo, cash operating.....	: do. :	3,080	2,726	3,466	4,224	2,834	
Net cash operating income or outgo.....	: do. :	+668	+1,824	-275	-118	+849	

Annual data for the years 1929-48 appear on page 29 of the March 1949 issue of the Demand and Price Situation.

Sources: 1/ Federal Reserve Board, converted to 1935-39 base. 2/ U. S. Dept. of Labor, BLS. 3/ U. S. Dept. of Agriculture, BAE, to convert prices received and prices paid interest and taxes, to the 1935-39 base, multiply by .93110 and .78125 respectively. 4/ U.S. Dept. of Commerce revised figures employing new concepts, seasonally adjusted at annual rate. 5/ U. S. Dept. of Labor, BLS. 6/ Consumers' price index for moderate-income families in large cities. 7/ U. S. Dept. of Commerce, Bureau of the Census. 8/ U. S. Dept. of Treasury. Data for 1948 are on average monthly basis..

A sharp drop in the general level of output and prices is not expected. There are many strong forces which are likely to maintain a high level of activity during 1949. The expenditures of Federal, State and local governments have expanded rapidly during 1948 and are likely to remain high through 1949. United States exports in 1949 are likely to be maintained slightly above the level of the fourth quarter in 1948. Business expenditures for plant and equipment are expected to be large in 1949, though moderately lower than in 1948. A good year is generally expected for residential construction, although probably not up to 1948. In total, expenditures of these magnitudes give some indication of a fairly high level of domestic activity and demand for farm products in 1949, although probably somewhat lower than a year ago.

The major uncertainties for 1949 lie in opposing directions. If the international situation should require larger government expenditures, than are currently anticipated, the downtrend in prices and production might be reversed and inflationary pressures reinforced. On the other hand, if consumers and business should substantially reduce their purchases in anticipations of widespread price declines or increased unemployment, the drop in prices, production and employment could be accentuated.

The trend toward a somewhat lower level of economic activity for 1949 indicates that consumer incomes may also decline during the remainder of the year. However, the average for the year as a whole may not be much below that of 1948. While the adjustments in production and prices currently underway are not likely to be of major proportions, they will probably be reflected in slightly lower levels of employment than in 1948. A large widespread wage increase, similar to those of recent years, does not appear to be in prospect. Slightly lower employment would probably be reflected in smaller earnings and some contraction in consumer expenditures. Under such circumstances, the domestic demand for farm products also would weaken somewhat from present levels. Foreign demand for farm products in 1949 may not be much different from 1948.

If yields are average or better, agricultural production in 1949 will again be large. This is indicated by winter wheat plantings and by farmers' intentions to plant as of March 1. The carryover from last year's record crop production will be the largest in postwar years. Beginning in the second quarter of 1949, meat supplies are expected to be larger than in the same months of last year. The impact of large supplies on a slightly reduced demand would be reflected in further declines in prices of farm products. However, prices of basic crops (wheat, corn, cotton, tobacco, rice and peanuts) for 1949 are to be supported at levels not much below those for the 1948 crops. Substantially lower support prices have been announced for this year's flaxseed and potato crops. A very substantial decline from the levels of last summer has already occurred in prices of livestock and livestock products. These prices are more in line with their usual relationship with current levels of consumer income than in other recent years. Further declines are likely to be moderate.

If the volume of farm marketings is not significantly different than in 1948, cash receipts would be reduced by approximately the same percentage as prices. With production costs continuing high, realized net income of farm operators may be down somewhat more than cash receipts. However, this decline would be offset in part by lower rural living costs.

Current commodity highlights

Meat production is expected to rise seasonally in the next few months. Prices of meats and meat animals are much closer to the prewar relationship with consumer incomes and supplies than at any time since the end of the war. Prices of milk for fluid use continued to decline in March, reflecting some weakening in demand and substantially larger output. Milk production as it increases seasonally will continue a little higher than last year until May. Egg production during the next few months will be at least as large as in 1948. Production of oil bearing crops next fall probably will be smaller than a year earlier. Prices of 1949-crop wheat are expected to average somewhat below the loan for the marketing year as a whole. With an average or better than average growing season, prices of feed grains are expected to be near or below loan rates in 1949-50. Prices received for most fruits in April and May probably will increase slightly over those in March. Prices received for 1948-crop potatoes are likely to rise slightly through April, but will still be substantially below a year earlier. Smaller supplies of sweetpotatoes are likely to result in higher prices received in April, May and June than a year earlier. A more rapid decline than usual in prices received for commercial truck crops for fresh market shipment is in prospect during April and May. Demand for raw cotton for exports declined as current ECA allocations of funds for the purchase of cotton were exhausted by most of the participating countries. A firm demand for Maryland tobacco is expected when marketing of 1948-crop Maryland tobacco begins on May 10.

ECONOMIC TRENDS IN 1948 AND EARLY 1949

Gross National Product

Output, employment and prices in 1948 reached new postwar peaks. Industrial production, as measured by the Federal Reserve Board, rose to 195 (1935-39=100) in October and November and averaged 192 for the year compared with 187 in 1947. Total civilian employment increased to a seasonal peak of 61.6 million persons in July and averaged 59.4 million persons, almost 1 1/2 millions greater than in 1947. Wholesale prices as measured by the Bureau of Labor Statistics, reached a record of 169.5 (1926=100) in August and averaged 165 for the year, 8 percent above 1947. Nevertheless, in the closing months of 1948 and in early 1949, there were many indications of a leveling off in many of the major forces responsible for the record levels of 1948.

The combined effect of high production, employment and prices on the economy is indicated in the gross national product, which measures the total value of the nation's output at prevailing market prices. In 1948, the gross national product increased steadily in each quarter of the year and totaled about 255 billion dollars, 10 percent above 1947. As in other postwar years, much of the increase in 1948 over 1947 reflected higher prices. The physical output of goods and services in 1948 is estimated to have been only 3 or 4 percent above 1947.

During 1948, the principal trends were a tapering off in private expenditures and a marked increase in government expenditures. This was in sharp contrast to other recent years when consumer and business expenditures expanded rapidly while government expenditures declined from wartime levels.

Table 1.- Gross national product or expenditure, U. S.
1947, 1948 and by quarters, 1948 ^{1/}

(Billions of dollars)

Component	1947	1948	Quarterly, 1948- seasonally adjusted at annual rates			
			1st.	2nd.	3rd.	4th.
			qtr.	qtr.	qtr.	qtr.
Gross national product	231.6	254.9	244.9	251.9	258.1	264.9
Personal consumption expenditure	184.8	177.7	172.5	177.3	180.1	181.0
Durable goods	21.0	22.7	21.3	22.8	23.7	22.9
Nondurable goods	96.5	103.6	101.4	103.7	104.3	105.1
Services	47.3	51.4	49.8	50.8	52.1	53.0
Gross private domestic investment	30.0	39.7	38.0	38.0	40.2	42.8
New construction	11.7	14.6	14.3	14.4	14.8	14.7
Residential nonfarm	5.3	7.0	7.0	6.9	7.1	6.9
Other	6.4	7.6	7.3	7.4	7.6	7.9
Producers' durable equipment	17.8	21.4	19.8	21.0	21.9	22.7
Change in business inventories	.6	3.8	3.9	2.6	3.5	5.3
Net foreign investment ^{2/}	8.9	1.5	3.9	2.7	-.3	-.4
Government purchases of goods and services	28.0	36.0	30.5	33.9	38.2	41.5
Federal	15.6	20.9	16.7	19.1	22.7	25.2
State and local	12.3	15.1	13.7	14.8	15.5	16.3

^{1/} U. S. Department of Commerce

^{2/} Net exports of goods and services other than those financed by government grants and personal gifts.

Consumer expenditures

One of the most important forces contributing to the postwar boom has been the tremendous demand for most types of consumer goods. This has resulted partly from increasing incomes. It also has reflected huge deferred demands which arose from wartime restrictions on production for civilian use, and from wartime savings by consumers. To a large extent, these deferred consumer demands have disappeared, either as a result of increases in production or of higher prices. Although consumer expenditures rose in each quarter in 1948, the rate of increase was substantially below previous recent years and was progressively less responsive to increases in consumer incomes. In the last quarter of 1948, consumer expenditures are estimated to have made the smallest quarterly increase since the end of the war. Total retail sales in the first two months of 1949, after seasonal adjustment, were down substantially from the last quarter of 1948, indicating that consumer expenditures in the first quarter of this year may show the first postwar-decline.

The recent slackening in consumer expenditures has largely reflected a tendency by consumers to increase their savings. The flow of income to consumers has not been reduced appreciably. The Department of Commerce estimates of consumer disposable income, expenditures and savings for 1947 and 1948 are shown in table 2.

Table 2.- Disposable income, consumer expenditures and savings, 1947 and 1948

	Disposable income	Consumer expenditure	Personal savings
	Bil. dol.	Bil. dol.	Bil. dol.
1947	175.6	164.8	8.8
1948	192.6	177.7	14.9
1st. qtr. 1948 ^{1/}	183.9	172.5	11.4
2nd. qtr. 1948 ^{1/}	190.2	177.3	12.9
3rd. qtr. 1948 ^{1/}	196.2	180.1	16.1
4th. qtr. 1948 ^{1/}	199.4	181.0	18.4

^{1/} Seasonally adjusted annual rate.

These estimates of net savings include some expenditures for capital items, such as new residences. However, recent estimates of the Securities and Exchange Commission indicate that in the last half of 1948, consumers, as a group, increased their liquid savings (currency, bank deposits, saving and loan shares, and government and other securities) in contrast to a decrease in the first half of the year. Consumer credit outstanding reached a new record at the end of 1948 but the decline in the early months of 1949 was greater than usual.

These trends in consumer expenditures and personal savings, together with declining prices for many commodities, indicate that in many sectors of the economy, supplies have overtaken current demand. While the high level of income continues to generate large consumer expenditures, deferred demands have gradually disappeared. These backlogs were primarily in durable goods, expenditures for which declined in the last quarter of 1948 and probably in the first quarter of this year. However, lower-priced automobiles are still in short supply relative to demand.

Strong consumer demand for food in recent years has been an important factor in maintaining an exceptionally high level of prices of farm products. Food expenditures, as a percentage of disposable income, increased from 23 percent in 1935-39 to 28 percent in 1947 and early 1948. However, in the last half of the year, this percentage dropped slightly.

Gross private domestic investment

In 1948, private investment expenditures reached a record of almost 40 billion dollars, 32 percent above 1947. However, the rate of increase from quarter to quarter in 1948 was slower than in any other postwar year. The rapid rise in these expenditures since the end of the war reflects principally the large outlays for housing construction, and for new plant and equipment.

Expenditures for residential nonfarm construction, after seasonal adjustment, showed little change during 1948. The number of new dwelling units started was 926,800, only slightly below the record of 937,000 in 1925. During the closing months of the year, new units started dropped more than seasonally, indicating that a slight decline in residential construction expenditures probably occurred in the first quarter of 1949.

Other construction expenditures increased in each quarter of the year. Industrial construction continued downward, continuing a trend which began in 1947. However, expenditures for commercial, farm and public utility construction were either maintained or increased during the year. No noticeable changes from these trends occurred in the first quarter of this year. Construction expenditures for farm residences were probably about the same as in the previous quarter, after allowing for seasonal factors.

Expenditures by business on new equipment also increased throughout the year but at a much slower rate than in previous recent years. These expenditures were a record in 1948 and accounted for a larger proportion of the gross national product than in any previous year. On the basis of anticipated expenditures for plant and equipment, as reported to the Department of Commerce, expenditures in the first half of 1949 will probably be down somewhat more than seasonally from the last quarter in 1948. Preliminary reports on planned expenditures for plant and equipment from a similar survey covering 1949 as a whole indicate that such expenditures are likely to be moderately lower this year than last but still appreciably above any other year. However, expenditures anticipated for the last half of 1949 are 14 percent less than actual expenditures in the same period last year. The largest declines from 1948 are indicated for manufacturing industries; smaller reductions are indicated in trade and the communication industries; and little change planned in electric and gas utilities. On the other hand, railroads indicated plans to increase capital investment over last year.

Inventory accumulations rose during the year with sharp increases in nonfarm business inventories in the first and final quarters. Farm stocks at the end of the year were also greater, reflecting the record crop production in 1948. Most of the increase in nonfarm inventories was in retail trade and in manufacturers' inventories of finished goods. In view of lagging consumer expenditures, it appears that a substantial portion of these accumulations resulted from failure of sales to meet expectations.

These trends in expenditures for housing and for business plant and equipment, suggest that in this sector of the economy, as in consumer goods, a considerable amount of the backlog demands has been met. Post-war expansion programs in some lines, such as textiles, leather, rubber and furniture have been largely completed. It is significant that these are sectors in which demand declined recently.

Government purchases of goods and services

Government expenditures (Federal, State and local) had an increasingly important effect on the economy during 1948. Compared with 1947, the government contribution to gross national product increased almost 30 percent. Most of the increase occurred in expenditures by the Federal government, especially for national defense and foreign aid. However, expenditures by state and local governments also increased substantially, particularly for construction programs. This continued a trend begun at the end of the war.

In the previous postwar years, declining Federal government expenditures and substantial budget surpluses have partly offset the inflationary impact of expanding private expenditures. Beginning in 1948, however, Federal government operations have involved increasing expenditures and a diminishing surplus.

If appropriations for 1949-50 are made by Congress in line with the Federal budget presented by the President in January, government expenditures will be larger in calendar 1949 than in 1948. However, they are not likely to increase as fast as during 1948. If additional programs such as military aid to Western Europe do not result in substantial outlays this year, Federal government expenditures are likely to level off in the second half of the year. State and local expenditures on the other hand, are expected to continue on an uptrond through the year.

Net foreign investment

This measures the net exports of goods and services financed by means other than government grants and personal gifts. U. S. government grants for foreign aid are accounted for in the government component of the gross national product. The effect of the decrease in net foreign investment in 1948 on exports was partly offset by larger U. S. government grants to foreign countries. The total picture of exports and the means of financing them can be obtained from table 3.

United States exports of goods and services in 1948 totaled 16.8 billion dollars, a substantial reduction from the record of 19.7 billions for 1947. Actually, the effect of reduced exports on the domestic economy was greater than that indicated in the decline in total exports. The export surplus (excess of exports over imports) declined from 11.2 billion dollars to 6.3 billions.

The 4.9 billion dollar decline in the export surplus was due to a \$2.2 billion fall in exports together with a 2.0 billion dollar increase in imports. The increase in imports reflected mainly the progress in economic reconstruction abroad and to some extent, high industrial activity in this country.

The decline in total exports began in the second quarter of 1947 and carried through the third quarter of 1948. It was due more to the sharp reduction in the spending by foreign countries of their gold and dollar assets than to the decrease in U. S. Government foreign grants and loans. Expanded operations under ECA in the latter part of the year outweighed slightly the continued decrease in the liquidation (and in the last quarter the accumulation) of foreign owned gold and dollar assets. In the last quarter, exports (and also the export surplus) showed a slight upturn for the first time since the second quarter of 1947.

During 1948, U. S. government grants and loans utilized by foreign countries totaled about 4.7 billion dollars. Congress is now considering appropriations for the European Recovery Program of 1,150 million dollars for expenditure in the second quarter of 1949, and \$4,280 millions for expenditure in the fiscal year 1949-50. An additional 150 million dollars requested is not to be spent prior to July 1, 1950. It is estimated that with these appropriations plus the unexpended balance of 3.1 billions from previous appropriations, E.R.P. expenditures in 1949 would be slightly above 5 billion dollars. Other foreign programs, including army supplies for civilians in occupied areas, are expected to increase the expenditure of U. S. government grants and loans in 1949 to more than 7 billion dollars. While this is substantially above the rate of expenditure in the fourth quarter of 1948, it is likely that the rebuilding of foreign owned dollar reserves will continue in 1949. This will absorb part of the increase in U. S. government foreign grants and loans, thus reducing the effect on U. S. exports. While U. S. imports are likely to continue to gain, the increase is likely to be modest in 1949. Altogether, these trends indicate a slight rise in U. S. exports of goods and services during 1949 compared with the rate in the last quarter in 1948.

Table 3.- Financing of United States exports of goods and services in specified periods

(Billions of dollars)

Period	Means of financing				
	U. S. exports of goods and services	U. S. imports of goods and services	Sale of gold and short-term dollar assets by foreign countries (Net)	U. S. Government grants and loans to foreign countries (Net)	Other sources and balancing Item (Net) 1/
	(1)	(2)	(3)	(4)	(5)
1935-39 ann. average	4.0	3.4	1.1	2/(-) 0.1	(-) 0.4
1946	15.0	7.2	2.0	5.0	0.8
1947					
1st. qtr. (ann. rate)	19.3	8.1	4.8	5.2	1.2
2nd. qtr. (ann. rate)	21.1	8.6	4.6	3.0	
3rd. qtr. (ann. rate)	19.2	8.5	3.4	6.8	0.7
4th. qtr. (ann. rate)	19.4	8.9	5.3	2.9	2.3
Year	19.7	8.5	4.5	5.7	1.1
1948					
1st. qtr. (ann. rate)	17.8	10.0	1.2	5.3	1.3
2nd. qtr. (ann. rate)	16.9	10.4	2.5	3.3	0.7
3rd. qtr. (ann. rate)	15.8	10.9	0.6	4.3	0
4th. qtr. (ann. rate)	16.8	10.8	(-) 0.8	6.1	0.8
Year	16.8	10.5	0.9	3/ 4.7	0.7

1/ Includes loans of U. S. dollars by the International Bank and by the International Monetary Fund. In 1947 these loans totaled 761 million dollars. In 1948 they totaled 385 million dollars.

2/ Includes private loans and remittances to foreigners.

3/ Includes 1.8 billion dollars in ERP grants, and 1.3 billions for the army civilian supply program. The remainder of 1.5 billions is accounted for by other U. S. grants and loans to foreign countries.

Agricultural Exports

The value of agricultural exports in 1948 totaled about 3.4 billion dollars, 12 percent below 1947. As shown in table 4, the value of exports of most major commodity groups, except cotton, declined in 1948. Tobacco exports dropped 21 percent, primarily because the United Kingdom and the Netherlands reduced their takings. The moderate decline in the value of grain exports, which accounted for approximately 50 percent of the total value of exports in both years, was due principally to sharply reduced shipments of corn, reflecting the small crop in 1947. Exports of wheat and flour, which have been of primary importance in feeding Western Europe and Asia since the end of the war, continued undiminished in 1948. Exports of most other foods including fats and oils, eggs and dairy products were lower in 1948 than a year previous.

Table 4.-- Value of exports of United States agricultural products in specified periods ^{1/}

(Million dollars)

Period	Cotton including linters	Tobacco manufactured ^{2/}	Grain and prepa- rations	Other foods	Total foods ^{3/}	Grand total ^{4/}
	(1)	(2)	(3)	(4)	(5)	(6)
<u>1935-39</u> Annual average	318	128	95	178	273	748
<u>1947</u>						
1st. quarter	169	95	439	317	756	1,071
2nd. quarter	137	53	511	291	802	1,038
3rd. quarter	37	52	499	280	779	919
4th. quarter	84	73	417	293	710	882
Total 1947	427	271	1,866	1,181	3,047	3,911
<u>1948</u>						
1st. quarter	122	40	416	237	653	859
2nd. quarter	98	41	401	209	610	785
3rd. quarter	80	77	491	170	661	858
4th. quarter	210	56	401	224	625	941
Total 1948	511	215	1,709	340	2,549	3,423

^{1/} In postwar period includes all exports whether financed by government funds or by commercial means.

^{2/} Includes trimmings, scrap, and stems.

^{3/} Defined as the sum of Agricultural Crude Foodstuffs (Economic Class 2) plus Agricultural Manufactured Foodstuffs (Economic Class 4.)

^{4/} The sum of columns 1, 2, and 5 plus small values of agricultural non-foods not shown separately.

Forthcoming appropriations for the Economic Cooperation Administration will have an important bearing on the trend in agricultural exports, as well as on exports of nonagricultural products. In the last nine months of 1948, when ECA was in operation, about 51 percent of the total value of U. S. agricultural exports was financed by ECA and army aid for civilians in occupied areas. In addition, some agricultural exports during this period were financed under other foreign aid programs such as Interim aid and Greek-Turkey aid. The importance of the two major foreign aid programs, ECA and Army aid in occupied areas, is illustrated for the major agricultural exports in table 5. Almost three-fourths of the bread grains exported in the last 9 months of 1948 were financed under these programs. These programs also accounted for two-thirds of the feed grains exported, more than 40 percent of the cotton and more than a third of the tobacco exports.

Table 5.—Financing U. S. exports of agricultural products - 9 months, April - December 1948

Item	Financed by ECA for use in Europe and China 1/	Financed by the Army for use in occupied areas	Total of columns 1 and 2 Percent of total	Grand total Agricultural exports 2/
	Mil. dol	Mil. dol.	Mil. dol. Percent	Mil. dol.
Wheat, wheat flour 3/ and rye	327	403	730 69	1,051
Corn, oats, barley, grain sorghum	30	51	81 69	118
Fruits and vegetables, all forms	6	75	81 59	135
Oils, fats, oilseeds, and soap	62	10	72 40	182
Dairy products	36	4	40 23	174
Meats and live animals edible	9	3	12 21	57
Cotton and lintors	167	0	167 43	389
Tobacco unmanufactured	64	0	64 37	174
Misc. edible and inedible agricultural products	20	45	65 23	285
Total agricultural products :	721	591	1,312 51	2,565

1/ E.C.A. reported shipments to Europe and China from the inception of the program on April 3, 1948 to December 31, 1948. The shipments given are less than actual movements, because of the lag in receipt of shipping documents.

2/ Includes columns 1 and 2 and exports financed in all other ways including those financed by Interim Aid, Greek-Turkey Aid, and all other U. S. foreign aid programs, those privately financed, and those financed by foreign governments.

3/ Wheat flour both from U. S. wheat and from foreign wheat.

Despite the considerable improvement in the world food situation in the past year, foreign needs for imports of farm products from the United States continue large. Given the means of financing, foreign countries may take almost as much bread grains from the United States in calendar 1949 as in 1948. They are likely to take considerably more corn to expand livestock operations. Exports of cotton will be larger than in any year since the war and may be as much as 50 percent above last year. Exports of tobacco this year will exceed those in 1948 with larger quantities being purchased by the United Kingdom. Supplies of these commodities in the United States in 1949, barring an extreme drought, are likely to be ample to provide for the larger exports and for domestic needs. However, because of the generally lower level of prices for agricultural products, the total value of exports may not be much different from the 3.4 billion dollars in 1948.

Recent Data on Output, Employment and Income

Total industrial output in February again was off slightly and the Federal Reserve Board's index of total production, seasonally adjusted, declined to 189 (1935-39=100), 2 points below January, 5 points below February, 1948 and 6 points below the peacetime peak of October and November, 1948. Declines occurred in all major components of the index.

Declining activity in the metal fabricating, lumber, furniture and stone, clay and glass industries accounted for an overall 2 point decline in the output of durable goods from January. The index of durable goods production, seasonally adjusted, was 226 in February, the same as in February 1948, but 5 points below the peacetime high of December 1948. In contrast to the slight declines in output in most durable goods industries, the rate of steel production in February reached a new peak. The operating rate was 101.2 percent of the recently increased capacity, with average weekly output exceeding that of January by 1 percent. Extensive model change-overs by some automobile manufacturers in February kept activity in the automobile industry at about the January level, which was 10 percent below the peak rates reached in the latter part of 1948.

Production of nondurable goods also fell slightly in February. The index of nondurable goods production dropped 1 point to 173 in February, 7 points below the peak in February 1948. Activity in the textile industries was curtailed further as rayon deliveries were reduced slightly. Paper-board production declined about 4 percent from January to February, while gasoline output and crude oil production declined 3 percent and 6 percent respectively. Production of chemicals and rubber products was also off somewhat.

Production of minerals continued to decline in February as output of crude petroleum and bituminous coal was curtailed further. Anthracite coal production in February declined sharply to a level only 74 percent of the 1935-39 average, compared with 118 a year earlier. Reflecting these developments, the index of total minerals output declined to 149, 2 points below January, 7 points below February 1948 and 13 points below the peak in May 1948.

A further decline in output is indicated for March. . Although preliminary figures indicate a higher rate of output in the steel and automobile industries, further declines in the production of crude petroleum and textiles together with sharply reduced coal output resulting from the miners' two-week holiday are likely to bring total output in March below that in February.

Total civilian employment was estimated at 57.6 million persons in March, about 400,000 more than in February and 300,000 greater than in March a year ago. Accounting for the rise in total employment from February to March were seasonal increases in both agricultural and nonagricultural employment. In March, the number of persons employed in nonagricultural industries increased to 50.3 million persons, slightly more than in February but 200,000 fewer than in March a year earlier. About 3.2 million persons were unemployed in March. This was about the same as in February but 800,000 greater than in March a year earlier.

Reversing the upward movement that began last April, the seasonally adjusted annual rate of personal income declined slightly in January to 220.8 billion dollars, .2 billion below December 1948 but 12 billions greater than in January, a year earlier. Increases in income payments from such sources as proprietors' and rental income, dividends and personal interest, and transfer payments were not sufficient to offset a further decline in salary and wage receipts.

Salary and wage receipts in January were at a seasonally adjusted annual rate of 136.0 billion dollars, 1.7 billions below December, but 9.2 billion greater than in February a year ago. The drop from December to January reflected the shrinkage in payrolls resulting from the declines in total employment and total hours worked.

Dollar sales at department stores fell further in February. The index of daily average sales, seasonally adjusted fell to 273 (1935-39= 100), 5 percent below the previous month and $4\frac{1}{2}$ percent below February a year ago. Sales throughout the nation generally were lower than a year ago. In the first half of March, department store sales were 8 percent below the comparable period in 1948.

Price trends in 1948 and early 1949

Wholesale price trends during 1948 and the first quarter of 1949 reflect the leveling off in economic activity. They indicate the easing in inflationary pressures that occurred in one segment of the economy after another since early 1948. Table 6 shows the wholesale price levels of various commodity groups at the beginning of 1948, the high points reached in the postwar period and the levels of late March.

Although the general price level, as represented by the BLS index of wholesale prices of all commodities, reached its high point in August 1948, peaks of the several components of the index were reached throughout a period of more than a year. Wholesale prices of farm products

reached the postwar peak in January 1948, and since then have declined 16 percent. Wholesale prices of foods reached a high in August and have also declined 16 percent. The combined index of all commodities other than farm products and foods (chiefly industrial commodities) reached a high point in September 1948, but remained close to that level for more than four months. The decline in this group has been small and has occurred recently. Within the industrial group, there was considerable variation in the timings of the high points. Some groups, such as hides and leather, and chemicals and allied products reached their peaks at about the same time as farm product prices. Prices of textile products were at a high early in June. Building material prices rose until late August, while the group price indexes of fuel and lighting materials and metals and metal products reached their peaks only recently. Where the declines are small and of recent occurrence, it is uncertain whether the high points have yet been reached. While backlogs for steel have been reduced, supplies are still short relative to demand. The seasonal upswing in construction this spring may strengthen the prices of construction materials. Wage rate increases that may occur this spring would also tend to be reflected to some extent in prices for the commodities affected.

Table 6.- Group indexed of wholesale prices, January 1948, postwar highs, and March 1949

(1926=100)							
Commodity group	Level in the first week in Jan. 1948	Postwar high reached Week ended	Recent level: (week ended March 22, 1949)	Percent change			
				from Jan. 1948	from peak	from Jan. 1948	from peak
All commodities	165.5	August 17, 1948	169.9	158.2	- 4.4	- 6.9	
Farm products	198.0	January 13, 1948	203.3	170.1	- 14.1	- 16.3	
Foods	182.9	August 17, 1948	191.0	160.8	- 12.1	- 15.8	
All other than farm and food	147.2	(September 14, 1948) January 25, 1949	153.6	151.6	+ 3.0	- 1.3	
Textile products	147.2	June 1, 1948	151.8	139.5	- 5.2	- 8.1	
Building materials	193.5	August 31, 1948	204.5	199.3	+ 3.0	- 2.5	
Fuel & lighting materials	128.5	January 25, 1949	138.0	135.5	+ 5.4	- 1.8	
Metal & products	153.9	February 1, 1949	178.3	177.6	+ 15.4	- .4	
All others ^{1/}	137.8	January 20, 1948	140.4	131.8	- 4.4	- 6.1	

^{1/} Includes hides and leather products, and chemicals and allied products which reached their high points in Dec. 1947 and Jan. 1948 respectively, and house furnishings which was at its high in Dec. 1948.

Table 7.- Group indexes of prices received by farmers, January 15, 1948, postwar highs, and March 15, 1949

(August 1909 - July 1914 = 100)						
Commodity group	Jan. 15, 1949	Postwar high reached		Mar. 15, 1949	Percentage change March 15, 1949	
		Date	Level		From	From
					Jan. 15, 1948	high point
Food grains	322	January 1948	322	224	- 30	- 30
Feed grains and hay:	318	January 1948	318	178	- 44	- 44
Cotton	267	May & June 1948	284	232	- 13	- 18
Tobacco	377	September 1948	418	411	+ 9	- 2
Oil-bearing crops...	377	January 1948	377	242	- 36	- 36
Fruit 1/	147	January 1946	249	194	+ 32	- 22
Truck crops 1/	277	October 1947	314	220	- 21	- 30
All crops	284	January 1948	284	232	- 18	- 18
Meat animals	379	July 1948	417	335	- 12	- 20
Dairy products 1/ ..	299	June & July 1948	319	255	- 15	- 20
Poultry & eggs 1/ ..	223	August 1948	249	234	+ 5	- 6
Livestock and products	328	July & Aug. 1948	344	287	- 12	- 17
Crops and live-stock and products	307	January 1948	307	261	- 15	- 15

1/ Seasonally adjusted.

However, the increased supplies of farm products resulting from the record crop production in 1948, and prospects for another year of large production in 1949 (on the basis of farmers' plans) are evidence that, barring a severe drought, the postwar peaks in prices of farm products and foods have been passed. Price trends in the major farm product groups since the beginning of 1948 are shown in table 7.

With the exception of fruits and truck crops, the price indexes of the several farm product groups reached their postwar highs since the beginning of 1948. Prices of fruits declined sharply in 1946 primarily as a result of reduced foreign shipments. Recently, fruit prices have been higher than a year ago but they still average 22 percent below the postwar high. Truck crop prices reached their peak in October 1947 and have declined about 30 percent.

The peaks in prices of food grains, feed grains and hay, and oil bearing crops were reached in January 1948. Declines since then have been severe with food grains down 30 percent, oil bearing crops 36 percent and feed grains and hay down 44 percent. To a large extent these declines have been due to record or near record production of these crops in this country in 1948 and markedly improved production abroad. For most commodities in these groups, prices have dropped to Government support levels. The peak in prices of cotton occurred in May and June last year. The subsequent decline of 18 percent has brought these prices down to approximately the loan rate.

Prices of livestock and livestock products generally reached their highs in the summer of 1948. Declines since then have averaged almost as great as for all crops combined. Prices of meat animals have dropped 20 percent. Dairy product prices fell 20 percent, after allowing for the usual seasonal changes. The price index for poultry and eggs did not rise as much as the other livestock groups and in March ^{was} not much below the summer peak, after seasonal adjustment. However, prices of eggs were about at the Government support level. The drop in prices of livestock and livestock products occurred despite no appreciable change in the level of consumer incomes or in the supplies available for consumption after allowance for seasonal factors. In recent years, however, the demand for and prices of these commodities have been higher compared with consumer income than before the war. The downward adjustment since last summer has brought these prices more in line with their usual relationship with current levels of consumer income and supplies.

The decline in retail price levels has been relatively small and has mainly reflected lower prices for food and other farm products. The BLS index of urban consumer prices, which reached a peak of 174.5 (1935-39=100) in August and September 1948, had declined about 3 percent by February, almost entirely because of lower prices for food. Nonfood prices continued to rise until the end of the year and declined less than 1 percent in the first two months in 1949.

The index of prices paid by farmers, including interest and taxes payable per acre, reached its high point of 251 (1910-14=100) in January 1948 and remained close to that level until September. By March, it had declined a little more than 2 percent, mostly because of lower prices for food and feed.

The sharp decline in prices received by farmers since January and the small decline in prices they paid lowered the parity ratio -- ratio of prices received to prices paid, interest and taxes -- from 122 in January 1948 to 106 in March 1949. The postwar peak in this ratio was 133 in October 1946.

Current Price Movements

Price changes from late February to late March were generally small. The BLS weekly index of wholesale prices in the fourth week in March at 158.2 (1926=100) was slightly below the corresponding week in February. Wholesale prices of farm products made minor gains, food prices were about unchanged but prices of most industrial commodities, particularly textile products and building materials, averaged slightly lower.

Average prices received by farmers on March 15 were about one percent higher than in the previous month. The BAE index rose to 261 from 258 (1909-14=100) in February. Prices of food and feed grains, and meat animals averaged 2 to 6 percent higher than in the previous month but dairy product prices were down 4 percent and oil-bearing crops, one percent.

The BAE index of prices paid by farmers, including interest and taxes in mid-March was 246 (1910-14=100), one point above February. Declines in clothing and furniture prices were more than offset by increases in prices of food and feed. Reflecting the greater rise in prices received by farmers, the parity ratio rose one point to 106 in March.

Prices paid by urban consumers continued to decline in February. The BLS consumer price index dropped to 169.0 (1935-39=100) compared with 170.9 in January. Food and clothing prices were lower but rents continued upward.

FARM INCOME

Outlook for 1949

Farmers' net income in 1949 is likely to be appreciably less than the 17.4 billion dollars they realized last year. The prices farmers receive for their products have been declining for some time, while their costs have declined only slightly. If demand during the remaining months of 1949 is as indicated earlier in this report, these trends in prices will continue.

Farmers' cash receipts from marketings in 1949 may be about 10 percent less than their receipts last year. Little change in the total volume of farm marketings is to be expected on the basis of present information. Any decline in total cash receipts will be primarily the result of lower average prices. Crop prices on the whole are likely to be down somewhat more than those for livestock and livestock products.

In addition to cash receipts from marketings, farmers' gross income includes the value of farm-home consumption of farm products, the rental value of farm dwellings, and Government payments. But cash receipts are the dominant element in gross income; and any decline in the former will be reflected in the latter.

The total cost of farm production in 1949 may be less than in 1948 -- but probably not very much less. The cost of purchased feed will be down substantially from last year; and the cost of such items as livestock purchases and rents also may decline. But other changes are relatively fixed, and a few may actually increase further. On the whole, farmers' total production costs are not likely to be down more than 5 percent. Under these circumstances, a reduction of about 10 percent in farmers' gross income would result in a larger drop in their net income.

LIVESTOCK AND MEAT

Meat production is on a slow upswing. The effects of a small corn crop in 1947 and a 3-year decline in the number of cattle, which caused meat consumption to drop from 155 pounds per person in 1947 to 146 pounds in 1948, are about ended. Meat production in the first quarter of 1949 probably was about the same as a year earlier, and consumption per person may have been only a fraction of a pound less than at the same time last year. Production will soon rise seasonally, probably at a faster rate than last year. Consumption per capita in each of the remaining three quarters of 1949 may be about one-half pound greater than it was at the same time of 1948.

Prices of meat animals and meats declined fast last fall, and are now generally much lower than their peaks last summer. Prices are probably closer to a prewar relationship with meat supplies and consumer incomes than they have been at any time since the end of the war. Any price changes during the rest of the year are likely to be moderate unless there is a rapid change in demand.

The biggest increases in production this year are in hogs and grain fed cattle. The 8 percent larger pig crop in the fall of 1948 will result in proportionately more fall-born hogs for slaughter this spring and summer than a year earlier. Moreover, more sows will be slaughtered this summer than last. The higher level of hog slaughter and pork output will continue through the rest of 1949, since the spring pig crop this year is expected to be much larger than the spring crop of 1948. Last December farmers reported their intentions to have 14 percent more sows farrowing this spring than the year before.

Hog prices, which in late March were almost \$1.50 per 100 pounds above early February, may decline seasonally until early summer, strengthen later, and then decline after September. If demand remains unchanged, prices late in the year probably will be somewhat lower than those at the end of 1948. Only if demand should weaken materially would prices drop so low as to require extensive support operations. If the 1949 corn crop is average or larger, the hog-corn ratio is likely to remain favorable to hog producers, although probably not as high as last fall.

A record number of cattle were on feed January 1 this year. Slaughter of fed cattle is contributing materially to present meat supplies. A seasonal peak in slaughter of fed-cattle is likely in the spring.

The number of cattle increased 0.4 million during 1948. Among the classes, the number on feed increased the most.

Prices of the higher grades of steers have been low relative to those of other classes of cattle. This is likely to continue. The large number on feed will prevent any marked advance in prices of fed cattle, except for an increase expected in late summer following some seasonal decline during the spring.

Less veal, lamb and mutton will be produced in 1949 than last year. Sheep numbers are the smallest on record. The early lamb crop was down 6 percent from 1948. The late crop also is likely to be smaller than last year. In some Western States winter storms may have reduced the late crop more than in proportion to the decline in ewe numbers. Production of lamb and mutton will be no higher than in the mid-1920's, and consumption per person may drop under the previous low of 4.4 pounds in 1917.

DAIRY PRODUCTS

Prices of milk for fluid use have declined slightly each month since reaching the record of \$5.32 per 100 pounds in September 1948. In early March the price was \$4.90 per hundredweight compared with \$5.09 a year earlier. The declines reflect substantially larger output in most milk-sheds and apparently some weakening in demand for fluid milk. The retail price of milk in early March for 25 cities was the same as in March 1948 but one cent below the record of last fall.

The daily rate of milk production was 5 percent higher in February than a year earlier. The total quantity of milk used in manufactured dairy products increased about the same amount. Production of butter and cheese during March was about one-fourth over a year earlier. Milk production, as it increases seasonally, will continue a little higher than last year until May. A record rate of production per cow will more than offset the slight decline in total number of milk cows.

Wholesale butter prices declined slightly from mid-February to mid-March. During the second half of March prices were about equivalent to the announced support levels, and about 270,000 pounds were purchased. The 3-cent per pound higher support level beginning September 1 may tend to encourage storage of butter during the summer months. Purchases of butter, of course, tend to support prices for butterfat in all uses and, therefore, prices of all products containing milk fat. The average price received by farmers for butterfat in mid-March was 63.4 cents per pound (97 percent of parity), compared with 80.3 cents a year earlier.

The Department has purchased substantial quantities of nonfat dry milk in recent weeks in anticipation of foreign requirements. These purchases, together with the announced support schedule for butter, have tended to stabilize prices for manufacturing milk. In the first half of March the price paid for milk by midwest condensaries was \$2.77 per 100 pounds, compared with \$2.86 in February 1949 and \$4.00 in March 1948. In late March, prices ranged from 3-10 percent lower than a year earlier for canned milk and 20-30 percent lower for butter, cheese and dry milks.

POULTRY AND EGGS

With the egg-feed price ratio continuing substantially more favorable than a year earlier, farmers are likely to increase the number of chicks purchased for flock replacement more than the 7 percent indicated by their intentions of February 1.

The increased hatch this January and February over the same months of last year was 7.5 million chicks. This confirms that farmers will carry out their intentions to increase chicken numbers and indicates that the 1949 hatch will run earlier than last year. Twenty-seven percent more eggs were in incubators March 1 than a year earlier. March 1 bookings of chicks for April delivery were 33 percent above a year ago.

Farm egg production in both January and February was larger than a year ago and is likely to be at least as large as in 1948 during the next few months. Culling of laying flocks to date has been lighter than a year ago, reflecting the more favorable egg-feed price ratios. February egg production, at 4,815 million eggs, was 2 percent larger than in February 1948. Increased egg production per bird for the month over a year ago more than offset the 3-percent fewer layers on farms.

The March 15 price received by farmers for eggs averaged 41.2 cents per dozen, slightly below February 15 and 1.4 cents below March 15, 1948. Through April 2, the Department of Agriculture had purchased the equivalent of 89 million dozen eggs of which 40 million were for April delivery for price support purposes. Last year, purchases began in May. Cold-storage holdings of shell and frozen eggs, seasonally at their lowest, were less than half as large as stocks held a year ago. Dried egg stocks, mostly Government-owned, on March 1, 1949 were 5 percent smaller than a year earlier.

Unsettled market conditions, heavier chickens and turkeys, and significant price declines for farm chickens and turkeys between January 15 and February 15, probably reflect to some degree lower red meat prices and large broiler marketings. March 15 prices were about the same as on February 15. Both storage stocks and current marketings of hens and heavier chickens are below a year ago. Storage holdings of poultry other than turkeys and ducks on March 1 amounted to 80 million pounds, only 43 percent as large as last year. While turkeys other than breeder hens on farms January 1, 1949 numbered 1.8 millions as compared to 1.7 a year earlier, cold-storage stocks of 50 million pounds on March 1, 1949 were down 28 percent from a year ago.

Further declines in prices for chickens and turkeys during the next few months are expected. Broiler marketings will continue substantially larger than in 1948 through June. Through March 26, placements of chicks in 7 commercial broiler areas totaled 85 millions, 54 percent more than in the same period last year. Volume marketings of farm chickens raised in 1949 and of old hens carried over from 1948 are likely to begin earlier this year. The seasonally small marketings of the next few months will be largely old birds.

FATS, OILS AND OILSEEDS

The index number of wholesale prices of 26 major fats and oils (butter excluded) for March was about 175 (1935-39 = 100) compared with 184 in February, 201 in January and an average of 264 in 1948. The index for March was about 34 percent below the average in 1948.

Prices of domestic edible vegetable oils declined 1.5 to 2.0 cents per pound from February to March. The price of crude cottonseed oil (S. E. mills) in March averaged 11.5 cents per pound, the lowest since

August 1941. Declines in prices of other fats were relatively small. The price of coconut oil, crude, Pacific Coast, at 17.5 cents per pound (including an allowance of 3 cents per pound for the tax on first domestic processing) remained high in relation to prices of other vegetable oils and of soap fats. The wholesale price of butter, 92 score, Chicago, in March was 60.3 cents per pound compared with 62.8 cents in February.

Reductions in planted acreages of soybeans, flaxseed and peanuts this spring are expected on the basis of farmers' plans about March 1. Because of this and the fact that per acre yields in 1948 were exceptionally high, production of oil crops next fall probably will be smaller than a year earlier.

The indicated acreage of soybeans to be grown alone for all purposes is 11.3 million, 4 percent smaller than in 1948 and the smallest since 1941. However, the percentage of planted acreage harvested for beans has been increasing since 1941 and with average yields per acre the 1949 crop may be about as large as the 183 million bushels produced in 1947. Planted acreage of flaxseed may be 4.7 million, 4 percent less than last year but the third largest of record. With average growing conditions, this would produce another large crop of flaxseed this year though materially less than the record 1948 crop. The acreage of peanuts grown alone for all purposes may be 3.2 million acres, 18 percent less than in 1948. This reduction is largely a result of acreage allotments in effect for the 1949 crop.

CORN AND OTHER FEED

In March, prices of most feeds had advanced from the low level reached early in February, but remained somewhat lower in December and early January. The mid-March index of feed-grain prices was 43 percent lower than a year earlier, while prices of high protein feeds in March averaged about 19 percent lower. Corn prices continued well below the support level in March. Farmers had placed about 179 million bushels of 1948 corn under loan through February.

Late this spring and during the summer the prospects for the 1949 feed **crop** will have an important influence on feed prices. With an average of better than average growing season, prices of feed grains are expected again to be near or below the loan rates in 1949-50. The Department of Agriculture recently announced that loans on 1949 oats and sorghum grains will average 70 percent of the April 15 parity prices and the loans on barley, 72 percent. Under present legislation the corn loan will again be based on 90 percent of parity at the beginning of the 1949-50 marketing year. The March 15 parity prices of feed grains were 1 to 2 percent lower than when loans were established on the 1948 crops.

Market receipts of corn have dropped off sharply since the record movement last November. In February and March receipts of corn were below average but larger than the small receipts of a year earlier. Total receipts of corn for October-March were 82 percent above the small receipts in that period of 1947-48 but 11 percent lower than the record receipts in the corresponding period of 1946-47. Purchases of corn for export from

October through March totaled about 62 million bushels. Exports of corn both from Government purchases and through commercial trade channels were over 40 million bushels through February. For the entire marketing year, ending next September 30, close to 125 million bushels are expected to be exported.

On March 1 farmers indicated their intentions to plant a total of about 153 million acres of corn, oats, barley, and sorghums in 1949 compared with 158 million acres in 1948 and a average of 164 million acres in 1942-46. If yields are about average for recent years, production of the 4 feed grains in 1949 would total around 111 million tons, or about one-fifth smaller than the record 1948 production. With the very large carry-over of feed grains that is in prospect this year, the total supply of feed grains for 1949-50 would approximate 135 million tons, about 7 percent below the record supply for 1948-49, but larger than in most other recent years.

WHEAT

With the likelihood that the 1949 wheat crop will materially exceed domestic disappearance and exports, prices for the 1949 crop probably will fall below the loan following harvest and probably average about the loan for the marketing year as a whole. If the index of prices paid by farmers including interest and taxes is the same on June 15 (the period for determining the wheat loan) as on March 15, the loan rate would be about 4 cents below that for the 1948 crop.

A winter wheat crop of 1,020 million bushels was indicated as of April 1. Production of spring wheat has not yet been estimated. However, if yields per seeded acre should equal the 1938-47 average on the prospective spring acreage, about 290 million bushels would be produced. This would give a total wheat production of 1,310 million bushels, second only to the 1,367 million produced in 1947. With a domestic use of about 665 million bushels (food assumed at 490, feed 100, and seed 75), a crop of this size would provide about 650 million bushels for export in 1949-50 and for addition to the carry-over July 1, 1950.

The acreage of winter wheat seeded in Europe in the fall of 1948 may be somewhat less than that of a year earlier. While it is yet too early for definite indications of prospective yields, it seems reasonable to expect -- on the basis of the season to mid-March -- that the very good yields per acre obtained in most areas in 1948 will not be repeated this year. Reports indicate that intensive campaigns will be made in some areas to increase spring plantings. The effect of an increase in spring wheat acreage is expected to be limited, however, since winter wheat usually accounts for more than 90 percent of the total wheat area, and spring varieties in Europe are generally lower-yielding than winter varieties.

Total disappearance of wheat in 1948-49 is now expected to be about 1,170 million bushels, consisting of 485 million for food, 90 million for feed, 95 million for seed and 500 million for export. With total supplies of 1,484 million bushels, consisting of July 1 stocks of 196 million and production of 1,288 million bushels, the carry-over July 1, 1949 is indicated at 300 million bushels.

Cash wheat prices in March continued around loan levels. If prices do not advance to loan levels plus costs between now and April 30, when loans and agreements expire, it would be expected that much of the 364 million bushels under loan or purchase agreement would be delivered to CCC. As a result the carry-over July 1 would be mostly CCC owned. If free market supplies are below minimum requirements before the new crop becomes available it may be necessary for CCC to sell some of its wheat in the domestic market. No announcement has been made relative to wheat prices to be charged by CCC in the event of such sales. In December there was an announcement which established a price floor, below which CCC could not sell. This floor was not less than the lowest of the following: (1) a price that will reimburse CCC for its costs; (2) 90 percent of the parity price; and (3) a price half-way between the support price and parity.

FRUIT

Grower prices for most fruits in April and May probably will increase slightly over those for March. Prices generally have advanced since the seasonal low last November and in March they averaged about one-third higher than the relatively low prices of a year earlier. The higher prices this winter than last are the result mainly of smaller supplies.

Total supplies of citrus fruits remaining after March 19 were considerably smaller than supplies a year earlier, principally because of severe freezes in California, Arizona, and Texas in January. With market movement of these reduced supplies declining seasonally, both grower prices and terminal market wholesale prices are expected to advance about seasonally this spring. Demand continues strong for oranges and grapefruit for processing. Through March 19 this season, about 10 percent more grapefruit had been processed than in the same part of the preceding season, but 6 percent less oranges had been processed. However, the total quantity of oranges processed this season has slightly exceeded that of grapefruit. Processing of grapefruit in Texas is slightly under a year ago and has practically ceased whereas last year over a third of the pack was produced after March 19. Oranges processed also exceeded grapefruit in 1946-47 and 1947-48.

Grower prices for the remaining small stocks of apples probably will increase slightly in April and May over those in March, which were about 50 percent higher than the relatively low prices a year ago. Cold-storage stocks March 1, 1949 were about 45 percent smaller than stocks on that date in 1948. Although cold-storage stocks of pears on March 1 were about 62 percent smaller than comparable stocks a year earlier, grower prices probably will continue near March levels, which were about 70 percent higher than those of March 1948. The remaining supplies must find domestic outlets in contrast to prewar years when substantial quantities were exported.

Supplies of strawberries are expected to be somewhat larger, and prices a little lower, this spring than last. The early spring crop is estimated to be about 33 percent larger than the crop last spring. Acreage for harvest in mid-spring and late-spring is expected to be about 3 percent larger than similar acreage in 1948.

POTATOES AND SWEETPOTATOES

Prices received by farmers for 1948-crop potatoes probably will rise slightly through April, but will be substantially lower than those received a year earlier. Prices received for new-crop potatoes already are falling seasonally but may not drop quite as rapidly this spring as last. Planting and development of the crop has been delayed in Texas and California.

Ample supplies of old crop potatoes remained in storage March 1 this year. Merchantable stocks on that date were 9 percent larger than a year earlier. Stocks this March in the Eastern States were slightly smaller and in the Central States were considerably smaller, than a year earlier; but in the Western States, stocks were almost twice as large as the abnormally small holdings of a year earlier.

The March report of farmers' intentions to plant indicates that total acreage of potatoes this year may be about 7 percent smaller than that planted in 1948. If yields in each State should equal the 1946-48 average, production from the indicated acreage would amount to 382 million bushels, considerably less than the 446 million produced in 1948. The Government had bought about 74,000 bushels of Florida U. S. No. 2 grade new-crop potatoes through March 17.

Prices which farmers will receive for sweetpotatoes in April, May, and June, 1949 probably will continue to be slightly higher than prices received a year earlier. This is due to the much smaller supply available. From the third week in August, 1948; through the week ended March 12, 1949, the number of carloads of sweetpotatoes moving each week by rail or boat has been smaller than in the corresponding weeks of the 1947-crop season. The March prospective plantings report indicated a 6 percent reduction in acreage. Under existing legislation, price-support will be available this year at some point to be determined by the Secretary within a range of 60 to 90 percent of parity.

COMMERCIAL TRUCK CROPS

Fresh market. Prices received by farmers for commercial truck crops for fresh market shipment in April and May are falling more rapidly than usual because of the early season and probably will be moderately lower than in the same months of 1948.

After slackening in late January because of freeze damage, total carlot shipments of vegetables by rail and boat have increased again, and have been heavier in each week of February and the first half of March this year than they were a year earlier. Abundant supplies of stored cabbage, carrots, and dry onions have contributed to the volume of vegetables shipped, and have tended to lower the general level of prices received for truck crops. Supplies of eggplant, tomatoes, green peppers, kale and carrots for winter season shipment were much larger this year than last and much larger than average (except for eggplant and tomatoes) but supplies of most other fresh vegetables were smaller.

Estimates covering nearly two-thirds of the commercial acreage of truck crops for spring shipment (April, May and June) indicate a slightly larger total acreage than that grown last year. Slightly larger acreage also is in prospect for the summer-crop cabbage and onions and early summer (main crop) watermelons.

Processing. Prices which farmers will receive this year for truck crops produced for commercial canning and freezing are expected to be only slightly lower than a year earlier. This probably will result in a reduction in acreage for some crops.

In early March, commercial canners and freezers of green peas were planning to increase their total acreage by about 9 percent above the 1948 plantings. Nearly the same percentage increase was indicated for acreage for freezing as was indicated for canning or other processing. Production of spinach for processing in Texas and California is indicated to be 48 percent larger than last year and 5 percent larger than the 1938-47 average.

Wholesale stocks of canned and frozen vegetables are believed to be slightly larger than a year earlier, with most of the increase occurring in frozen lima beans and canned sweet corn.

DRY EDIBLE BEANS AND PEAS

Little change from present levels is expected in the prices received by farmers for dry edible beans and dry edible peas until late this summer when harvest time for the 1949 crops approaches. Prices for both crops are near support levels. Total supplies are more than adequate to meet demand in the United States at support prices.

Because the 1948 crop of dry beans was so large, supplies available for export have been much larger than usual. Exports have been considerably smaller for the 1948 crop than for the 1947 crop, in spite of the substantial reduction in price when the 1948 crop was harvested. Stocks of dry beans at the beginning of the 1949 crop marketing year will be several times larger than a year earlier. Barring an unusually short crop, the 1949 crop also probably will move at support prices. In March, farmers indicated their intentions to plant about 7 percent less acreage in dry beans this year compared with last year. Such an acreage, with yields by States equal to the 1943-47 average, would give a crop of about 16.3 million bags (uncleaned basis). This would be 22 percent smaller than the near record 1948 crop, but only slightly smaller than the 10 year average.

While the 1948 crop of dry edible peas was much smaller than the 1947 crop, the export demand has virtually disappeared. As a result, stocks remaining at harvest time for the 1949 crop probably will not be much smaller than a year earlier. Unless the new crop is substantially smaller than the 1948 crop, prices to growers again will rest heavily upon the support program. Farmers' March intentions pointed to an increasing acreage, of about one-third over the 1948 acreage. Such an acreage, assuming yields equal to the 1943-47 average by States, would produce a crop of about 4.9 million bags uncleaned. The 1948 crop was 3.6 million bags.

COTTON

Spot prices of Middling 15/16" cotton in mid-March continued about the same as the month earlier. On March 18 these prices averaged 32.70 cents per pound in the ten markets compared with 32.50 a month earlier and 32.68 cents two months earlier. From mid-February until mid-March fluctuations ranged between 32.50 and 32.84 cents.

The average farm price of cotton in mid-March was 28.74 cents per pound, 40 points less than in mid-February and over 3.0 cents per pound less than in mid-March last year. The mid-March farm price was 94 percent of parity compared with 96 in mid-February and 103 a year ago.

Domestic mill consumption was 640,000 bales in February, compared with 786,000 a year ago, the February 1940-44 average of 308,000 and the February 1935-39 average of 530,000 bales. Gross operating mill margins (difference between the price of a pound of raw cotton and its approximate cloth equivalent) declined further in February to an average of 32.29 cents for the 17 constructions. These margins in January averaged 32.78 cents; in February 1948, 63.65 cents; and in October 1946. (the last full month under OPA regulations), 30.33 cents.

Exports of raw cotton in January totaled 403,000 bales, compared to 522,000 in December, and 214,000 bales in January a year ago. For the first half of the 1948-49 season, exports totaled 1,384,000 bales; more than twice as much as for the same period last year, but only slightly over half of the August-January 1935-39 average. Demand for raw cotton for exports declined somewhat as current ECA allocations of funds for the purchase of cotton have been exhausted by most of the participating countries.

TOBACCO

Marketing of 1948 crop tobacco at auctions was completed by mid-March except for Maryland tobacco for which marketings will begin at Southern Maryland points on May 10. A firm demand for Maryland tobacco is expected since cigarette production, the principal outlet, continues large. Estimated cigarette production in January-February of this year, was slightly above the same months of 1948, and higher than the January-February total of any other previous year, except 1947. Exports of Maryland tobacco in 1948 were nearly one-fourth larger than 1947. Cigar tobacco has been selling at irregular intervals in the past few months, and prices have averaged below those of last season.

An active demand is expected for the 1949 crop of cigarette tobacco (flue-cured, Burley, and Maryland). United States consumption of cigarettes in 1949 will probably be close to or exceed the record level of 1948, but some decrease in cigarette exports from last year seems likely. In 1948, cigarette exports comprised about 6 1/2 percent of total United States output. The demand for non-cigarette tobacco in the 1949 marketing season will probably not be greatly different than 1948. The 1948 fire-cured and dark air-cured crops sold near the price-support level and sizable quantities were placed under government loan. During 1949, the output of tobacco products such as chewing tobacco, snuff and cigars is expected to be nearly the same as last year, but smoking tobacco may gain a little. Tax-paid withdrawals of cigars, manufactured tobacco, and snuff all were moderately less in January-February 1949 than in the same period of 1948.

Farmers' intentions on March 1 indicated a 6 percent larger acreage of flue-cured than last year's harvested acreage. If yields per acre are the same as the 1944-48 average, flue-cured production would approximate 1,050 million pounds this year compared with 1,081 million pounds in 1948. Burley, Maryland and cigar wrapper intended acreages were up slightly while most fire-cured and dark air-cured types were down. Pennsylvania filler and Connecticut Valley Havana-Seed acreage indications were about the same as last year, but Wisconsin binder, Connecticut Broadleaf, and Ohio filler intended acreages were below the 1948 harvested acreage. The total tobacco acreage intended by growers in 1949 is 1,596 thousand or 4 percent above that harvested in 1948.

Price supports for the 1949 crop of tobacco will be lower than in 1948 in line with the decline in the index of prices paid by farmers. The loan rates for flue-cured will be based on 90 percent of the June parity. The loan rates for other tobacco types will be determined by the September level of the index of prices paid by farmers.

Exports of leaf tobacco in January 1949 were double those of January 1948, principally because of substantial shipments going to Germany. For the 7 months, July 1948-January 1949, total exports of unmanufactured tobacco were 314 million pounds (declared weight) or 14 percent above the same period of the preceding year.

SUGAR

The total amount of sugar consumed by civilians in the United States in 1948 is currently estimated at a record 7,500 thousand tons (raw value). This is equivalent to a per capita consumption of about 96 pounds (refined value), about 4 pounds higher than in 1947, and approximately the same as prewar. It was the highest since 1941 when consumption was estimated at about 103.5 pounds. Civilian consumption in 1949 will continue high, although probably somewhat below 1948 levels.

With the total supply of sugar somewhat lower and the level of consumer demand relatively unchanged in 1949 as compared to 1948, total civilian consumption of sugar in 1949 will probably be somewhat below 1948, though still relatively high. This forecast depends, however, on the extent to which the total sugar supplies and the price of sugar may be affected by subsequent actions required under the Sugar Act of 1948.

In mid-March, because of the increase in the availability of off-shore supplies, particularly from Cuba and Puerto Rico, there was a small downward movement in wholesale sugar prices. Refiners decreased the gross wholesale price of refined sugar from 8.00 to 7.85 cents per pound. This decline in price was seasonal, for at the end of the month there was an advance in the gross wholesale price to 8.10 cents. This price is .35 cents higher than that of 7.75 cents prevailing during the same period in 1948. Prospective sugar supplies in the United States in 1949 are lower relative to consumer demand than in 1948. Therefore the market will continue firm unless there are appreciable changes in the underlying factors.

Although present economic conditions favor an increase in acreage planted to sugar beets, the March prospective plantings report indicates a decrease of 4 percent. According to the report, changes from 1948 to 1949 in the acreage planted will vary considerably by areas. Substantial increases are in prospect in the Great Lake States. This may be more than offset by declines in California and in all the Rocky Mountain States except Colorado for which an 18-percent increase is indicated. Sugar beet processors have not as yet completed drives in the Western States to obtain additional acreage under contract. In addition, considerable replanting of acreage that has been damaged as a result of unfavorable weather is taking place in California. These factors may cause a rise in acreage over that indicated in farmers' prospective planting plans as of March 1.

ECONOMIC TRENDS AFFECTING AGRICULTURE

Annual Data

Item	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948
Industrial production 1/																				
Total	110	91	75	58	69	75	87	103	113	89	109	125	162	199	239	235	203	170	187	192
All manufactures	110	90	74	57	68	74	87	104	113	87	109	126	168	212	258	252	214	177	194	198
Durable goods	132	98	67	41	54	65	83	108	122	78	109	139	201	279	360	353	274	192	220	225
Nondurable goods	93	84	79	70	79	81	90	100	106	95	109	115	142	158	171	170	166	165	172	177
Minerals	107	93	80	67	76	80	86	99	112	97	106	117	125	129	132	140	137	134	142	155
Construction activity 1/																				
Contracts, total	204	160	110	49	44	56	64	96	103	111	125	141	212	289	118	71	118	267	274	331
Contracts, residential	213	122	91	32	27	29	51	91	100	110	147	176	218	201	98	39	64	350	348	397
Wholesale prices 2/																				
All commodities	95	86	73	65	66	75	80	81	86	79	77	79	87	99	103	104	106	121	152	165
All commodities except farm and food	92	85	75	70	71	78	78	80	85	82	81	83	89	96	97	98	100	110	135	151
Farm products	105	88	65	48	51	65	79	81	86	68	65	68	82	106	123	124	128	149	181	188
Food	100	90	75	61	60	70	84	82	86	74	70	71	83	100	107	105	106	131	169	179
Prices received and paid by farmers 3/																				
Prices received, all products	149	128	90	68	72	90	109	114	122	97	95	100	124	159	192	195	202	233	278	287
Prices paid, int. and taxes	167	160	141	124	120	129	130	127	133	126	124	125	132	150	162	169	172	193	231	249
Parity ratio	89	80	64	55	60	70	84	90	92	77	77	80	94	106	119	116	117	121	120	115
Consumers' price 2/																				
Total	122	119	109	98	92	96	98	99	103	101	99	100	105	116	124	126	128	139	159	171
Food	132	126	104	86	84	94	100	101	105	98	95	97	106	124	138	136	139	160	194	210
Nonfood	118	116	111	103	97	97	97	98	101	102	102	102	105	113	116	120	123	128	140	149
Income																				
Nonagricultural payments 4/	76.8	70.7	60.1	46.2	43.0	49.5	53.4	62.8	66.5	62.1	66.3	71.5	86.1	108.7	134.3	149.0	154.3	159.4	174.9	190.4
Income of industrial workers 3/	134	110	84	58	61	76	86	100	117	91	105	119	169	241	322	336	291	275	332	364
Factory payrolls 2/	128	103	78	54	58	74	86	99	118	91	106	122	178	261	356	368	312	287	353	389
Weekly earnings of factory workers 2/																				
All manufacturing	23.86	25.20	29.58	36.65	43.14	46.08	44.39	43.74	49.25	53.14	26.50	28.44	34.04	42.73	49.30	52.07	49.05	46.49	52.45	56.76
Durable goods	21.78	22.27	24.92	29.13	34.12	37.12	38.29	41.02	45.87	49.33	21.78	22.27	24.92	29.13	34.12	37.12	38.29	41.02	45.87	49.33
Nondurable goods																				
Employment 5/																				
Total civilian	47.6	45.5	42.4	39.0	38.8	40.9	42.3	44.4	46.3	44.2	45.8	47.5	50.4	53.8	54.5	54.0	52.8	55.2	58.0	59.4
Nonagricultural	37.2	35.1	32.2	28.8	28.7	31.0	32.2	34.4	36.5	34.6	36.2	38.0	41.2	44.5	45.4	45.0	44.2	46.9	49.8	51.4
Agricultural	10.4	10.3	10.3	10.2	10.1	9.9	10.1	10.0	9.8	9.7	9.6	9.5	9.1	9.2	9.1	9.0	8.6	8.3	8.3	8.0
Government finance (Federal) 6/																				
Income, cash operating																				
Outgo, cash operating																				
Net cash operating income or outgo																				

Sources: 1/ Federal Reserve Board; indexes of construction converted to 1935-39 base.
 2/ U. S. Department of Labor, Bureau of Labor Statistics, factory payrolls converted to 1935-39 base.
 3/ U. S. Department of Agriculture, Bureau of Agricultural Economics. To convert prices received and prices paid interest and taxes to 1935-39 base.
 4/ U. S. Department of Commerce revised figures employing new concepts, seasonally adjusted at annual rates.
 5/ U. S. Department of Labor for years 1929-39. From 1940 to date Bureau of the Census.
 6/ U. S. Department of Treasury. Figures are on average monthly basis.

U. S. DEPARTMENT OF AGRICULTURE
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